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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
whether there has been a violation of the
Securities Act of Washington by:

NORTHWEST BEST DIRECT, INC.,
VINCENT E. BOZZI, and EMILY G. BOZZI,

Respondents.

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Order No. S-03-115-03-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER AN ORDER TO CEASE
AND DESIST, WITHDRAW EXEMPTIONS,
ORDER APPROPRIATE AFFIRMATIVE
ACTION, ORDER FINES, REIMPOSE FINES,
AND ORDER COSTS

Case No. S-03-115

THE STATE OF WASHINGTON TO:

Northwest Best Direct, Inc.	Vincent E. Bozzi
Vincent E. Bozzi, President	Emily G. Bozzi
5805 East Sharp Ave, Suite 2	4024 E 13th Ave
Spokane, WA 99212	Spokane, WA 99202

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Northwest Best Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi have each violated the Securities Act of Washington by violating an existing Order of the Administrator, by selling unregistered, non-exempt securities, and by making material misrepresentations and omissions in the course of those sales. The Securities Administrator believes that these violations justify the entry of an order against each pursuant to RCW 21.20.390 to cease and desist from those violations, and pursuant to RCW 21.20.325 withdrawing the availability of certain exemptions. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. Northwest Best Direct, Inc. ("NBD") is an active Washington for-profit corporation authorized to do business June 25, 1997. NBD is engaged in the business of publishing coupon books and magazines

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1 DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 for public distribution in Spokane County. NBD maintains its principal place of business at 5805 E. Sharp
2 Avenue, Suite 2, Spokane, Washington.

3 2. Vincent E. Bozzi (“Bozzi”) is the President and Chief Executive Officer of NBD.

4 3. Emily G. Bozzi is the Secretary and Treasurer of NBD. The Bozzis reside in Spokane.

5 II. Background

6 On November 20, 2001, the Securities Administrator issued a Summary Order to Cease and Desist, SDO-
7 095-01, against the above-named Respondents. In lieu of an administrative hearing, Respondents elected to
8 submit a statement for consideration by the Securities Administrator. The statement requested that the
9 Division reconsider the conclusions of law and reduce any fines imposed. Finding no grounds in
10 Respondents' statement to reconsider the conclusions of law, but finding support for minor factual changes
11 and suspension of the fine, on December 19, 2001, the Securities Administrator entered a Final Order to
12 Cease and Desist and Revoke Exemptions, SDO-108-01. On December 22, 2001, Respondents were served
13 with two copies of the Final Order, one addressed to the Bozzis, and one addressed to NBD.

14 III. Nature Of Respondents' Conduct

15 4. On or about January 1, 2003, Respondent Bozzi read a biography about a local retired
16 businessman, LW¹, and wrote him about doing a feature story and excerpt from the book in one of his
17 magazines, Spokane Coeur d’Alene Living. LW responded with interest, and Bozzi met with LW to
18 discuss the story. During their meeting, Bozzi discovered that LW had previously financed a similar
19 magazine in the Spokane area. In need of financing for NBD, Bozzi took the opportunity to solicit LW for
20 a business loan to support NBD. After further discussions, instead of structuring the financing as a loan,
21 Bozzi prepared a Stock Purchase Agreement reflecting a \$30,000 investment in MBD by LW.

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23 ¹ The investor’s full name is not used to protect his privacy.

1 5. The agreement, dated March 4, 2003, calls for Vincent and Emily Bozzi, as sole owners and
2 shareholders of NBD, to sell 497 shares of stock in NBD to LW, and for LW to pay Respondents \$30,000
3 for the shares. In addition, the agreement provides that Respondents will provide LW with an additional
4 497 shares of stock for assisting Respondents to raise an additional \$150,000 in investment capital. LW
5 wrote a check to NBD for the \$30,000 investment on the same date.

6 6. On or about March 13, 2003, Bozzi spoke with a reporter from the Spokane Journal of Business.
7 Bozzi reported that LW had invested in NBD and would be assisting NBD find other potential investors.
8 Bozzi falsely reported that he had added LW to the NBD Board of Directors.

9 7. The Division's Final Order to Cease and Desist and Revoke Exemptions, SDO-108-01, enjoined
10 Respondents from engaging in certain practices in violation of the Securities Act of Washington:

- 11 a) Offering and/or selling securities in any manner in violation of RCW 21.20.140, the
12 securities registration provision;
- 13 b) Acting as a broker-dealer or securities salesperson in violation of RCW 21.20.040, the
14 broker-dealer and securities salesperson registration provision; and
- 15 c) Making material misrepresentations or omissions in connection with the offer and/or
16 sale of securities in violation of RCW 21.20.010, the anti-fraud provision.

17 In addition, the Final Order revoked the availability of certain exemptions from registration for a period of
18 five years, and imposed a \$20,000 fine. The fine was suspended based on future compliance with the
19 Final Order.

20 8. The stock sold by Respondents was not registered with the Securities Division or exempt from
21 registration. None of the Respondents were registered with the Securities Division as broker-dealers or
22 securities salespersons. Respondents did not disclose any information relating to Respondents' prior
23 violations of the Securities Act to LW.

1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale of stock by Respondents as described above constitutes the offer and/or sale
4 of securities as defined in RCW 21.20.005(10) and (12).

5 2. Respondents have each knowingly or recklessly violated RCW 21.20.140, the securities registration
6 provision of the Securities Act of Washington, by offering and/or selling said securities while no registration
7 was on file with the Securities Division.

8 3. Respondents have each knowingly or recklessly violated RCW 21.20.040, the broker-dealer and
9 securities salesperson registration provision of the Securities Act of Washington, by offering and/or
10 selling said securities while not registered as broker-dealers or securities salespersons in Washington.

11 4. In the offer and sale of said securities, Respondents have each knowingly or recklessly violated
12 RCW 21.20.010, the anti-fraud provision of the Securities Act of Washington, by failing to disclose
13 information relating to Respondents' prior violations of the Securities Act, the Summary Order and Final
14 Orders enter against them, and the fact Respondents were enjoined from selling unregistered securities.

15 5. Respondents have each knowingly or recklessly violated Final Order to Cease and Desist and
16 Revoke Exemptions, SDO-108-01.

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18 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

19 Pursuant to RCW 21.20.390, based upon Respondents' knowing or reckless violation of the Securities
20 Act, and upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends
21 to order that Respondents Northwest Best Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi, their officers,
22 directors, employees, partners, agents, attorneys, accountants, affiliates, subsidiaries, and successors, shall
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1 each permanently cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW
2 21.20.140.

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4 **NOTICE OF INTENT TO WITHDRAW EXEMPTIONS**

5 Pursuant to RCW 21.20.325, based upon the Tentative Findings of Fact and Conclusions of Law, the
6 Securities Administrator intends to order that the exemptions available to Respondents Northwest Best
7 Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi under RCW 21.20.320(1), (9), (11), and (17) shall be
8 permanently withdrawn.

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10 **NOTICE OF INTENT TO ORDER APPROPRIATE AFFIRMATIVE ACTION**

11 Pursuant to RCW 21.20.390, based upon the Tentative Findings of Fact and Conclusions of Law, the
12 Securities Administrator intends to order that Respondents Northwest Best Direct, Inc., Vincent E. Bozzi,
13 and Emily G. Bozzi shall be jointly and severally liable for and shall provide appropriate affirmative action,
14 including, without limitation, providing full restitution to all Washington investors.

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16 **NOTICE OF INTENT TO ORDER FINES**

17 Pursuant to RCW 21.20.395(1), based upon Respondents' knowing or reckless violation of RCW
18 21.20.010, and upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
19 intends to order that Respondents Northwest Best Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi shall
20 be jointly and severally liable for and pay a fine of \$10,000.

21
22 Pursuant to RCW 21.20.395(2), based upon Respondents' knowing or reckless violation of the Final
23 Order, and upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator

1 intends to order that Respondents Northwest Best Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi shall
2 be jointly and severally liable for and pay a fine of \$25,000.

4 **NOTICE OF INTENT TO REIMPOSE FINES**

5 Pursuant to RCW 21.20.395(1), based upon Respondents' knowing or reckless violation of the Final
6 Order, and upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
7 intends to order that the suspended \$20,000 fine imposed on Respondents in the Division's Final Order to
8 Cease and Desist and Revoke Exemptions, SDO-108-01, be un-suspended, and that Respondents Northwest
9 Best Direct, Inc., Vincent E. Bozzi, and Emily G. Bozzi shall be jointly and severally liable for and pay the
10 fine from the Final Order of \$20,000.

12 **NOTICE OF INTENT TO ORDER COSTS**

13 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and Conclusions of Law, the
14 Securities Administrator intends to order that Respondents Northwest Best Direct, Inc., Vincent E. Bozzi,
15 and Emily G. Bozzi shall be jointly and severally liable for and shall pay the costs, fees, and other expenses
16 incurred in the conduct of the administrative investigation, hearing, or court proceeding relating to this
17 matter. As of December 10, 2003, these costs total approximately seven thousand dollars (\$7,000).

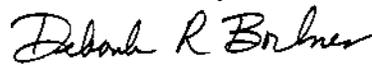
19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW
21 21.20.325, and is subject to the provisions of RCW 34.05. Respondents may make a written request for a
22 hearing as set forth in the Notice of Opportunity to Defend and Opportunity for Hearing accompanying this
23 Statement of Charges. If any Respondent does not request a hearing, as to that Respondent, the Securities

1 Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final, and
2 enter a final cease and desist order against that Respondent enjoining future violations of the Securities Act,
3 withdrawing exemptions, ordering affirmative action, and imposing the fines and costs as described above.
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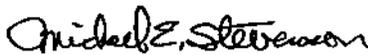
5 Entered this 19th day of December, 2003.
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7 Order Entered by:

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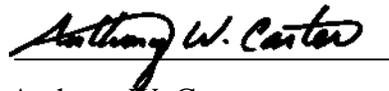
9 DEBORAH R. BORTNER
Securities Administrator

10 Approved by:

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12 Michael E. Stevenson
13 Chief of Enforcement

14 Presented by:

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16 Anthony W. Carter
17 Financial Legal Examiner